

Message Text

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ORIGIN EB-02

INFO OCT-01 SS-05 ISO-00 /008 R

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DRAFTED BY EB-NPAZDRAL:MW

APPROVED BY EB-NPAZDRAL

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE

C O N F I D E N T I A L STATE 085145

LIMDIS, FOR ASST SECRETARY ENDERS

FOL REPEAT CARACAS 3867 SENT ACTION SECSTATE

APRIL 11

QTE

C O N F I D E N T I A L CARACAS 3867

LIMDIS

EO 11652: GDS

TAGS: ENRG PFOR VE CU

SUBJ: POSSIBLE SALE OF OIL TO CUBA BY U.S. COMPANY

REF: A. CARACAS 3803 B. BUTCHER/GRAHAM TELECON 4/10/75

1. PETROLEUM ATTACHE DELIVERED ESTIMATES ON CUBAN OIL CONSUMPTION
SUPPLIED BY TELECON (REF B) TO DIRECTOR OF HYDROCARBONS APRIL 10.
DIRECTOR EXPLAINED THAT SITUATION IS AS FOLLOWS.

2. SUN OIL COMPANY HAS APPLIED TO MINES MINISTRY FOR 8 PERCENT
ANTILLIAN TAX WAIVER ON PROPOSED SALE TO CUBA OF 50,000 B/D. SUN
PREVIOUSLY SUPPLIED THIS QUANTITY TO PUERTO RICO UNTIL GOV REIMPOSED
ANTILLIAN TAX ON SUCH SHIPMENTS IN 1974. GOV JUSTIFICATION WAS THAT
SHIPMENTS TO PUERTO RICO ENTERED U.S. MARKET FOR REFINING PURPOSES
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AND THEREFORE DID NOT QUALIFY FOR TAX WAIVER. SUN OIL HAS NOW COME

IN WITH REQUEST FOR WAIVER TO SUPPLY CUBA.

3. MINES HYDROCARBON DIRECTOR INDICATED THAT GOV IS DISPOSED TO GRANT WAIVER ON LEGAL GROUNDS THAT OIL WILL BE TOTALLY CONSUMED IN CUBA. ALSO, WITH REOPENING OF DIPLOMATIC RELATIONS WITH CUBA, VENEZUELA WISHES TO RECAPTURE CUBAN OIL MARKET. UNTIL 1961 VENEZUELA SUPPLIED 90,000 B/D TO CUBA.

4. CUBAN REFINERIES FORMERLY OWNED BY TEXACO AND SHELL WERE ORIGINALLY DESIGNED TO PROCESS VENEZUELAN CRUDE. SUN OIL PROPOSAL IS ATTRACTIVE TO GOV FOR REASON THAT SUN HAS NO OUTSTANDING PROBLEMS WITH CUBA, WHILE BOTH TEXACO AND SHELL WOULD COMPLICATE SITUATION AS SUPPLIERS SINCE THEY WOULD WANT TO RESOLVE DEBT AND INVESTMENT ISSUES WITH CUBA CONCERNING THEIR FORMER REFINERY OPERATIONS IN THAT COUNTRY.

5. HYDROCARBONS DIRECTOR ASKED WHAT U.S. GOVERNMENT POSITION WOULD BE IN THIS MATTER. PETROLEUM ATTACHE EXPLAINED THAT SALES BY U.S. OIL COMPANIES TO CUBA WOULD BE ILLEGAL UNDER U.S. LAW WITHOUT SPECIAL PERMISSION. ATTACHE SUGGESTED THAT GOV ADVISE SUN OIL TO INFORM THE DEPARTMENT OF STATE OF HIS INTENTIONS AND CONSULT BEFORE ATTEMPTING TO IMPLEMENT SALE. HYDROCARBONS DIRECTOR SAID HE WOULD BE MEETING WITH SUN OIL OFFICIALS APRIL 11 AND WOULD ADVISE THEM TO DO WHAT ATTACHE SUGGESTED. HE FURTHER PROMISED TO KEEP ATTACHE INFORMED OF HIS DISCUSSIONS WITH SUN OIL.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SALES, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 APR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchantr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE085145
Document Source: CORE
Document Unique ID: 00
Drafter: NPAZDRAL:MW
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750130-0453
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750454/aaaabxxe.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 75 CARACAS 3803, 75 BUTCHER/GRAHAM TELECON 4/10/75
Review Action: RELEASED, APPROVED
Review Authority: buchantr
Review Comment: n/a
Review Content Flags:
Review Date: 15 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 MAY 2003 by izenbei0>; APPROVED <06 OCT 2003 by buchantr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE SALE OF OIL TO CUBA BY U.S. COMPANY
TAGS: ENRG, PFOR, VE, CU
To: PARIS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006